

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF OHIO  
WESTERN DIVISION

- - -

UNITED STATES OF AMERICA, . CASE NO. 1:13-cr-104  
Plaintiff, .  
- v - . *Arraignment and Plea Hearing*  
JTEKT CORPORATION, . Tuesday, December 3, 2013  
Defendant. . 10:00 a.m.  
. . . . . Cincinnati, Ohio

TRANSCRIPT OF PROCEEDINGS  
BEFORE THE HONORABLE HERMAN J. WEBER, SENIOR JUDGE

For the Plaintiff:

DIANE C. LOTKO-BAKER, ESQ.  
CARLA M. STERN, ESQ.  
United States Department of Justice  
Antitrust Division  
209 S. LaSalle Street  
Suite 600  
Chicago, Illinois 60604

For the Defendant:

HEATHER LAMBERG KAFELE, ESQ.	BEAU W. BUFFIER, ESQ.
Sherman & Sterling LLP	SATOKO KATO, ESQ.
801 Pennsylvania Avenue, NW	Sherman & Sterling
Washington, D.C. 20004	599 Lexington Avenue
	New York, New York 10022
DREW H. CAMPBELL, ESQ.	
Bricker & Eckler LLP	
100 South Third Street	
Columbus, Ohio 43215	

Also Present: Hiroyuki Kaijima, Defendant's Representative  
Special Agent C.J. Freihofer (FBI)

1   **Law Clerk:**           Amy Peters Thomas, Esq.

2   **Courtroom Deputy:**   Betsi Brockmeier

3   **Court Reporter:**     Maryann T. Maffia, RDR  
4                            239 Potter Stewart U.S. Courthouse  
5                            100 East Fifth Street  
6                            Cincinnati, Ohio 45202

P R O C E E D I N G S

THE COURT: Proceed, Miss Brockmeier.

COURTROOM DEPUTY: This morning is Criminal Action  
1-13-104: *United States of America versus JTEKT Corporation.*

Appearing on behalf of the United States are Diane C.  
Lotko-Baker and Carla M. Stern.

Appearing on behalf of the defendant are Beau W. Buffier,  
Drew Campbell, Heather Lamberg Kafele and Satoko Kato.

The defendant representative, Hiroyuki Kaijima, is present  
in the courtroom.

THE COURT: What does the United States propose in  
this matter?

MS. LOTKO-BAKER: Your Honor, the United States has  
the proposed Information to file against the proposed  
defendant, JTEKT Corporation.

It's our understanding that JTEKT is going to execute a  
Waiver of Indictment, and the United States is ready to  
proceed.

THE COURT: Thank you.

I will conduct the proceedings in the courtroom except for  
the discussion of Attachment A, which will be done in  
chambers.

Sir, are you the representative of the corporation?

MR. KAIJIMA: Yes, I am.

THE COURT: Would you tell me your name, please.

1 MR. KAIJIMA: My name is Hiroyuki Kaijima.

2 THE COURT: And, sir, are you represented by a lawyer  
3 or lawyers in this case?

4 MR. KAIJIMA: Yes, people who are sitting next to me.

5 THE COURT: And, Miss Baker, have you --

6 Thank you. Please be seated. This conversation will take  
7 a considerable length of time. It's very important that you  
8 and I understand the proceedings. If you have any question,  
9 don't hesitate to ask a question. If you're concerned about  
10 asking a question directly of me, please ask the lawyer, and  
11 the lawyer will ask the question on your behalf. But you and  
12 I are the important people here today.

13 Miss Baker, have you advised your client that he has the  
14 right to have this matter considered by the grand jury?

15 MS. KAFELE: Yes, Your Honor. Heather Kafele.

16 THE COURT: Oh.

17 MS. KAFELE: That's okay. Miss Baker is with the  
18 government. Yes, we have advised our client.

19 THE COURT: Oh, I see. Well, let's see now. I'll  
20 get that straight. You are --

21 MS. KAFELE: Heather Lamberg Kafele, but I just go by  
22 Kafele.

23 THE COURT: All right. Okay. Thank you. Welcome to  
24 Cincinnati, the home of Honda.

25 (Laughter.)

1           Thank you very much.

2           Sir, it's my duty to tell you that you cannot be required  
3 -- or your corporation cannot be required to stand trial in  
4 this court unless a grand jury agrees that there is probable  
5 cause that crime has been committed. I understand there has  
6 been an extensive Plea Agreement entered into in this case and  
7 so on, but I still have to go through this formal part of the  
8 proceedings.

9           If you wish to have grand jury consideration of your case,  
10 all you have to do is say, "I want it." You can ask for it  
11 right now today, and we will accept that, that position of  
12 your corporation.

13          Please understand that by proceeding, by giving up this  
14 right, you do not give up any of the other constitutional  
15 rights the corporation has. You have -- the corporation has a  
16 right to plead not guilty, be tried by a jury, be represented  
17 by lawyers throughout the course of the proceedings, face the  
18 prosecution witnesses, require witnesses to testify on behalf  
19 of the corporation, compulsory process, and the United States  
20 must prove the guilt beyond a reasonable doubt.

21          Do you understand that you still retain all those rights,  
22 and all you're doing at this point in the proceeding is giving  
23 up the grand jury consideration of the case and proceeding in  
24 this court immediately to trial?

25               MR. KAIJIMA: Yes, I understand all the description

1 you made. Yes, this procedure based on -- yes, I completely  
2 understand all the options and made the decision.

3 THE COURT: Thank you, sir.

4 If it is your desire to proceed in this matter and if it's  
5 your advice to your client, please have him sign the written  
6 waiver.

7 (The defendant representative signed the document.)

8 MS. KAFELE: He has signed the waiver, Your Honor.

9 THE COURT: Let the record show the trial judge has  
10 observed the signing of the waiver here in court.

11 Sir, are you authorized to sign this waiver on behalf of  
12 the corporation?

13 MR. KAIJIMA: Yes, sir. I have both Resolution in  
14 September authorizing me.

15 THE COURT: Is it still in effect today?

16 MR. KAIJIMA: Yes.

17 THE COURT: I think it was signed September 13, if I  
18 recall.

19 MR. KAIJIMA: Yes. Since, been no change of the  
20 status.

21 THE COURT: Thank you. Is this your signature on  
22 behalf of the corporation on this document --

23 MR. KAIJIMA: Yes, Your Honor.

24 THE COURT: -- that I hold in my hand?

25 MR. KAIJIMA: Yes, sir.

1           THE COURT: The Court will accept the Waiver of the  
2 Indictment and will order the Information filed.

3           Now, at this time I'm going to ask the United States to  
4 present the Information for the record.

5           Proceed.

6           MS. STERN: Thank you, Your Honor.

7           Count One, Conspiracy to Restrain Trade (15 U.S.C. Section  
8 1.)

9           The United States, acting through its attorneys, charges:  
10 The Defendant and Co-Conspirators.

11          JTEKT Corporation, Defendant, is a corporation organized  
12 and existing under the laws of Japan with its registered  
13 headquarters in Osaka, Japan.

14          During the period covered by this Count, Defendant, and  
15 its predecessors, were engaged in the manufacture and sale of  
16 bearings to Toyota Motor Corporation, certain of its  
17 subsidiaries, and other Japanese automobile manufacturers and  
18 Japanese automobile component manufacturers ("Japanese  
19 automobile and component manufacturers") for installation in  
20 vehicles manufactured and sold in the United States and  
21 elsewhere.

22          Various corporations and individuals, not made defendants  
23 in this Count, participated as co-conspirators in the offense  
24 charged in this Count and performed acts and made statements  
25 in furtherance thereof.

1           Whenever in this Count reference is made to an act, deed  
2 or transaction of any corporation, the allegation means that  
3 the corporation engaged in the act, deed or transaction by or  
4 through its officers, directors, agents, employees or other  
5 representatives while they were actively engaged in the  
6 management, direction, control or transaction of its business  
7 or affairs.

8                           Background of the Offense.

9           During the period covered by this Count, Defendant and its  
10 co-conspirators manufactured and sold bearings to Japanese  
11 automobile and component manufacturers for installation in  
12 vehicles manufactured and sold in the United States and  
13 elsewhere.

14           During the period covered by this Count, defendant and its  
15 co-conspirators manufactured and sold bearings:

16           (a) in the United States and elsewhere for installation in  
17 vehicles manufactured and sold in the United States;

18           (b) in Japan and elsewhere for export to the United States  
19 and installation in vehicles manufactured and sold in the  
20 United States; and

21           (c) in Japan and elsewhere for installation in vehicles  
22 manufactured in Japan and elsewhere for export to and sale in  
23 the United States.

24           Bearings are widely used in industry in numerous  
25 applications for many products. Bearings reduce friction and



1 help things to roll smoothly past on another. They bear the  
2 load.

3 When purchasing bearings, Japanese automobile and  
4 component manufacturers typically issue Requests for  
5 Quotations, RFQs, to automotive parts suppliers on a  
6 model-by-model basis for model specific parts. Automotive  
7 parts suppliers submit quotations, or bids, to the Japanese  
8 automobile and component manufacturers in response to RFQs,  
9 and the Japanese automobile and component manufacturers award  
10 the business to the selected automotive parts supplier for the  
11 lifespan of the model, which is usually four to six years.  
12 Typically, the bidding process for a particular model begins  
13 approximately three years prior to the start of production.

14 Japanese automobile and component manufacturers procure  
15 parts for U.S.-manufactured vehicles in the United States and  
16 elsewhere.

17 From at least as early as 2000 and continuing until as  
18 late as July 2011, the exact dates being unknown to the United  
19 States, Defendant and its co-conspirators participated in a  
20 combination and conspiracy to suppress and eliminate  
21 competition in the automotive parts industry by agreeing to  
22 allocate markets, rig bids for, and to fix, stabilize and  
23 maintain the prices of bearings sold to Japanese automobile  
24 and component manufacturers in the United States and  
25 elsewhere. The combination and conspiracy engaged in by the

1 Defendant and its co-conspirators was in unreasonable  
2 restraint of interstate and foreign trade and commerce in  
3 violation of Section 1 of the Sherman Act, 15 U.S.C. Section  
4 1.

5 The charged combination and conspiracy consisted of a  
6 continuing agreement, understanding, and concert of action  
7 among the Defendant and its co-conspirators, the substantial  
8 terms of which were to allocate markets, rig bids for, and to  
9 fix, stabilize and maintain prices of bearings sold to  
10 Japanese automobile and component manufacturers in the United  
11 States and elsewhere.

12 For the purposes of forming and carrying out the charged  
13 combination and conspiracy, Defendant and its co-conspirators  
14 did those things that they combined and conspired to do,  
15 including, among other things:

16 (a) participating in meetings, conversations and  
17 communications in the United States and elsewhere to discuss  
18 the bids and price quotations to be submitted to Japanese  
19 automobile and component manufacturers in the United States  
20 and elsewhere;

21 (b) agreeing, during those meetings, conversations and  
22 communications on bids and price quotations to be submitted to  
23 Japanese automobile and component manufacturers in the United  
24 States and elsewhere;

25 (c) agreeing, during those meetings, conversations and

1 communications to allocate the supply of bearings sold to  
2 Japanese automobile and component manufacturers in the United  
3 States and elsewhere;

4 (d) agreeing, during those meetings, conversations and  
5 communications to coordinate price adjustments requested by  
6 Japanese automobile and component manufacturers in the United  
7 States and elsewhere;

8 (e) submitting bids, price quotations and price  
9 adjustments to Japanese automobile and component manufacturers  
10 in the United States and elsewhere;

11 (f) selling bearings to Japanese automobile and component  
12 manufacturers in the United States and elsewhere at collusive  
13 and noncompetitive prices;

14 (g) accepting payment for bearings sold to Japanese  
15 automobile and component manufacturers in the United States  
16 and elsewhere at collusive and noncompetitive prices;

17 (h) engaging in meetings, conversations and  
18 communications in the United States and elsewhere for the  
19 purpose of monitoring and enforcing adherence to the  
20 agreed-upon market allocation, bid rigging and price-fixing  
21 scheme; and

22 (i) employing measures to keep their conduct secret,  
23 including, but not limited to, using code names and meeting at  
24 remote locations.

25 During the period covered by this Count, Defendant and

1 its coconspirators sold to Japanese automobile and component  
2 manufacturers located in various states in the United States  
3 substantial quantities of bearings shipped from outside the  
4 United States and from other states in a continuous and  
5 uninterrupted flow of interstate and foreign commerce and  
6 trade.

7 In addition, substantial quantities of equipment and  
8 supplies necessary to the manufacture and sale of bearings  
9 sold by the Defendant and its co-conspirators, as well as  
10 substantial payments for bearings sold by Defendant and its  
11 co-conspirators, traveled in interstate and foreign commerce.

12 The business activities of the Defendant and its  
13 co-conspirators in connection with the manufacture and sale of  
14 bearings that were the subject of the charged conspiracy were  
15 within the flow of, and substantially affected, interstate and  
16 foreign trade and commerce.

17 The combination and conspiracy charged in this Count was  
18 carried out within the United States, at least in part, within  
19 the five years preceding the filing of this Information, all  
20 in violation of Title 15, United States Code Section 1.

21 Count Two, Conspiracy to Restrain Trade, 15 U.S.C. Section  
22 1.

23 The United States, acting through its attorneys, charges:  
24 JTEKT Corporation, Defendant, is a corporation organized  
25 and existing under the laws of Japan with its registered

1 headquarters in Osaka, Japan. During the period covered by  
2 this Count, Defendant, and its predecessors, were engaged in  
3 the manufacture and sale of electric-powered steering  
4 assemblies to Nissan Motor Company Limited and certain of its  
5 subsidiaries ("Nissan") for installation in vehicles  
6 manufactured and sold in the United States and elsewhere.

7 Various corporations and individuals, not made defendants  
8 in this Count, participated as co-conspirators in the offense  
9 charged in this Count and performed acts and made statements  
10 in furtherance thereof.

11 Whenever in this Count reference is made to any act, deed  
12 or transaction of any corporation, the allegation means that  
13 the corporation engaged in the act, deed or transaction by or  
14 through its officers, directors, agents, employees or other  
15 representatives while they were actively engaged in the  
16 management, direction, control or transaction of its business  
17 or affairs.

18 During the period covered by this Count, Defendant and its  
19 co-conspirators manufactured and sold electric-powered  
20 steering assemblies to Nissan for installation in vehicles  
21 manufactured and sold in the United States and elsewhere.

22 During the period covered by this Count, Defendant and its  
23 co-conspirators manufactured and sold electric-powered  
24 steering assemblies:

25 (a) in the United States and elsewhere for installation in

1 vehicles manufactured and sold in the United States;

2 (b) in Japan and elsewhere for export to the United States  
3 and installation in vehicles manufactured and sold in the  
4 United States; and

5 (c) in Japan and elsewhere for installation in vehicles  
6 manufactured in Japan and elsewhere for export to and sale in  
7 the United States.

8 Electric-powered steering assemblies provide electronic  
9 power to assist the driver to more easily steer the  
10 automobile. Electric-powered steering assemblies link the  
11 steering wheel to the tires, and include the column,  
12 intermediate shaft, and electronic control unit, among other  
13 parts, but do not include the steering wheel or the tires.

14 When purchasing electric-powered steering assemblies,  
15 automobile manufacturers typically issue Requests for  
16 Quotations ("RFQs") to automobile parts appliers on a  
17 model-by-model basis for model specific parts. Automotive  
18 parts suppliers submit quotations, or bids, to the automobile  
19 manufacturers in response to the RFQs, and the automobile  
20 manufacturers award the business to the selected automotive  
21 parts supplier for the lifespan of the model, which is usually  
22 four to six years.

23 Typically, the bidding process for a particular model  
24 begins more than three years prior to the start of production.  
25 Automobile manufacturers procure parts for U.S.-manufactured

1 vehicles in the United States and elsewhere.

2 From at least as early as 2005 and continuing until as  
3 late as October 2011, the exact dates being unknown to the  
4 United States, Defendant and its co-conspirators participated  
5 in a combination and conspiracy to suppress and eliminate  
6 competition in the automotive parts industry by agreeing to  
7 allocate markets, rig bids for, and to fix, stabilize, and  
8 maintain the prices of electric-powered steering assemblies  
9 sold to Nissan in the United States and elsewhere.

10 The combination and conspiracy engaged in by the Defendant  
11 and its co-conspirators was in unreasonable restraint of  
12 interstate and foreign trade and commerce in violation of  
13 Section 1 of the Sherman Act, 15 U.S.C. Section 1.

14 The charged combination and conspiracy consisted of a  
15 continuing agreement, understanding and concert of action  
16 among the Defendant and its co-conspirators, the substantial  
17 terms of which were to allocate markets, rig bids for, and to  
18 fix, stabilize and maintain the prices of electric-powered  
19 steering assemblies sold to Nissan in the United States and  
20 elsewhere.

21 For the purposes of forming and carrying out the charged  
22 combination and conspiracy, the Defendant and its  
23 co-conspirators did those things that they combined and  
24 conspired to do, including, among other things:

25 participating in meetings, conversations, and

1 communications to discuss the bids and price quotations to be  
2 submitted to Nissan;

3 agreeing, during those meetings, conversations and  
4 communications on bids and price quotations to be submitted to  
5 Nissan;

6 agreeing, during those meetings, conversations and  
7 communications to allocate the supply of electric-powered  
8 steering assemblies sold to Nissan in the United States and  
9 elsewhere;

10 submitting bids and price quotations to Nissan;

11 selling electric-powered steering assemblies to Nissan in  
12 the United States and elsewhere at collusive and  
13 noncompetitive prices;

14 accepting payment for electric-powered steering assemblies  
15 sold to Nissan in the United States and elsewhere at collusive  
16 and competitive prices; and

17 employing measures to keep their conduct secret,  
18 including, but not limited to, using code names and meeting in  
19 remote locations.

20 During the period covered by this Count, the Defendant  
21 co-conspirators sold to Nissan located in the United States  
22 substantial quantities of electric-powered steering assemblies  
23 shipped from other states in a continuous and uninterrupted  
24 flow of interstate trade and commerce. In addition,  
25 substantial quantities of equipment and supplies necessary to



1 the manufacture and sale of electric-powered steering  
2 assemblies sold by the Defendant and its co-conspirators, as  
3 well as substantial payments for electric-powered steering  
4 assemblies sold by the Defendant and its co-conspirators,  
5 traveled in interstate and foreign trade and commerce. The  
6 business activities of the Defendant and its co-conspirators  
7 in connection with the manufacture and sale of  
8 electric-powered steering assemblies that were the subject of  
9 the charged conspiracy or within the flow of, and  
10 substantially affected, interstate and foreign trade and  
11 commerce.

12 The combination and conspiracy charged in this Count was  
13 carried out within the United States, at least in part, within  
14 the five years preceding the filing of this Information.

15 All in violation of Title 15, United States Code Section  
16 1.

17 THE COURT: Thank you.

18 Sir, do you have any questions about this Information?

19 MR. KAIJIMA: No, I don't have any questions.

20 THE COURT: The Court will accept the Information as  
21 the charging document in this case and order it filed.

22 Now that the Information is officially filed, how do you  
23 plea: Guilty, not guilty, or *nolo contendere*?

24 MR. KAIJIMA: Plead guilty.

25 THE COURT: Thank you. Before I can accept your

1 guilty plea, I must determine that it is made voluntarily with  
2 an understanding of the nature of the charge and the  
3 consequences of the plea of guilty.

4 By offering to plead guilty, you do give up certain of  
5 your constitutional rights. This must be an intentional  
6 giving up of rights and privileges that you now have.

7 Please understand that I need not accept your plea unless  
8 satisfied of your guilt and that you fully understand your  
9 rights.

10 In order to make this determination, I must now ask you  
11 several questions. Before I do, it's necessary that you  
12 obligate yourself to tell the truth. Once having been sworn,  
13 your answers to my questions will be subject to the penalties  
14 of perjury, of making a false statement, or possibly contempt  
15 of court if you do not answer truthfully.

16 Are you willing to accept the obligation to tell the  
17 truth?

18 MR. KAIJIMA: Yes, I am willing to accept the  
19 obligation. I fully understand what you are saying.

20 THE COURT: Thank you.

21 Would you swear the witness.

22 COURTROOM DEPUTY: Would you stand and raise your  
23 right hand, please?

24 (The defendant representative, Hiroyuki Kaijima, was duly  
25 sworn by the courtroom deputy.)

1 MR. KAIJIMA: Yes, I do, I swear.

2 COURT DEPUTY: Thank you. You may be seated.

3 THE COURT: Sir, if you're more comfortable being  
4 seated, you may talk to me from your chair. If you wish to  
5 stand and are more comfortable, you may stand and talk to me,  
6 or you may even approach the lectern and talk to me, if you  
7 choose. Any farther than that, nuh-uh.

8 (Laughter.)

9 MR. KAIJIMA: Thank you very much.

10 THE COURT: Sir, now that you've been sworn, you have  
11 in the file an authorization from the corporation to speak for  
12 them here today?

13 MR. KAIJIMA: Yes.

14 THE COURT: It was signed September the 13th, as I  
15 recall. Do you still have full authority to speak for the  
16 corporation today?

17 MR. KAIJIMA: Yes, I do.

18 MR. BUFFIER: Your Honor, for the record, I believe  
19 it was the --

20 THE COURT: September the 19th?

21 MR. BUFFIER: -- September the 19th.

22 THE COURT: All right. Well, then 13 is a good day.  
23 But it was, and I amend the record as September the 19th. I  
24 knew that as well as anybody.

25 How old are you, sir?

1 MR. KAIJIMA: I am 57 years old.

2 THE COURT: How much education have you had?

3 MR. KAIJIMA: I graduated University of Nagoya,  
4 School of Economics. I have bachelor degree.

5 THE COURT: We are speaking in the English language?

6 MS. KAFELE: University of Nagoya.

7 COURT REPORTER: Thank you.

8 THE COURT: We're speaking in the English language?

9 MR. KAIJIMA: Yes.

10 THE COURT: And are you able to understand me?

11 MR. KAIJIMA: Yes.

12 THE COURT: Well, I can understand you. I may ask  
13 you to repeat, but I do understand you. You speak very good  
14 English.

15 MR. KAIJIMA: Thank you very much.

16 THE COURT: Have you taken any narcotic drugs,  
17 medicine or pills or drunk any alcoholic beverages in the past  
18 24 hours?

19 MR. KAIJIMA: No. I am not taking any of those  
20 medicines, narcotics.

21 THE COURT: Miss Kay-feel-ee? Is that how you  
22 pronounce your name?

23 MS. KAFELE: Kah-fay-lay. (Phonetic.)

24 THE COURT: Do you have any doubt as to the  
25 competency of your client to plead on behalf of the

1 corporation at this time?

2 MS. KAFELE: I do not, Your Honor.

3 THE COURT: Do you represent to me that his authority  
4 is in full effect at this time?

5 MS. KAFELE: I do, Your Honor.

6 THE COURT: Thank you.

7 We read together the Information. Do you have any  
8 questions about this Information at this time?

9 MR. KAIJIMA: No, I don't have any question.

10 THE COURT: Do you understand the nature and meaning  
11 of these charges?

12 MR. KAIJIMA: Yes, I do understand.

13 THE COURT: Have you told your lawyers everything  
14 that you know about this case?

15 MR. KAIJIMA: Yes.

16 THE COURT: Do you believe your lawyers are fully  
17 informed about the facts and circumstances on which these  
18 charges are based?

19 MR. KAIJIMA: Yes, I do.

20 THE COURT: Now, before you can be -- the corporation  
21 can be found guilty of these charges, the United States must  
22 prove to a jury composed of 12 individuals, whom you and I  
23 will help select, certain things, or elements, as we call  
24 them. These elements for the crime for the first Count are  
25 these:

1       The conspiracy described in Count One existed as early as  
2       2000 and continuing until as late as July 2011, and, in Count  
3       Two, as early as 2005 and continuing until as late as October  
4       2011.

5       The United States must prove that the Defendant knowingly  
6       became a member of the conspiracy and that the conspiracy  
7       described in Count One and Count Two either substantially  
8       affected interstate commerce in goods or services or occurred  
9       within the flow of interstate commerce and goods and services.

10      Do you have any questions about these elements?

11      MR. KAIJIMA: No, I don't.

12      THE COURT: And do you understand that I have -- that  
13      we have agreed that I have venue in this courtroom, in the  
14      Southern District of Ohio.

15      MR. KAIJIMA: Yes, I do.

16      THE COURT: And, of course, that some of the acts  
17      that the co-conspirators did did in the United States of  
18      America?

19      MR. KAIJIMA: Yes.

20      THE COURT: Do you understand what the possible  
21      maximum penalty for this offense, these offenses are?

22      MR. KAIJIMA: Yes, I understand it. It is described  
23      on the Plea Agreement, paragraph six on page seven, but I  
24      could not memorize whole thing.

25      THE COURT: Well, I'll read it. How about that? If

1 I read it incorrectly, why, thank you for watching out for me  
2 back there.

3 On each Count it would be a hundred-million-dollar fine,  
4 which would be, of course, a quick two hundred million, or  
5 twice the gross pecuniary gain the corporation -- the  
6 conspirators derived from the crime and/or the twice the gross  
7 pecuniary loss caused to the victims of crime by the  
8 conspirators.

9 In addition, you understand that:

10 pursuant to 18 United States Code Section 3561(c) (1), the  
11 Court can impose a term of probation of at least one year but  
12 not more than five years for each of the charges, each of the  
13 charged crimes; and that

14 pursuant to 8B1.1 of the United States Sentencing  
15 Guidelines, the United States Sentencing Guideline or  
16 Guidelines, 18 United States Code Section 3563(b) (2) or  
17 3663(a) (3), the Court may order it to pay restitution to the  
18 victims of the offense; and

19 pursuant to 18 United States Code Section 3013(a) (2) (B) ,  
20 the Court is required to order the corporation to pay a  
21 400-dollar special assessment upon conviction for each of the  
22 charges.

23 Additionally, if I decide that you are placed on  
24 probation, there are conditions that I must impose during that  
25 period of time.

1           Do you understand that, if I would choose to do so, I  
2 could impose this maximum sentence?

3           MR. KAIJIMA: Yes, I do understand.

4           THE COURT: The sentence that I'll impose, however,  
5 is to be sufficient but not greater than necessary to  
6 accomplish the purposes of Congress in passing a guideline to  
7 us of how sentences should be imposed.

8           The statute is, actually, I think, 18 -- what is it? I'll  
9 tell you in just a minute -- 3553.

10          And I will not go through the individual steps, Miss Kay  
11 -- Kay-feel-lee?

12          MS. KAFELE: Kah-fay-lay, Your Honor.

13          THE COURT: Miss Kafele, have you explained the  
14 elements used to determine the sentence?

15          MS. KAFELE: Yes, I have.

16          THE COURT: Now, do you understand that you will be  
17 sentenced pursuant to the Sentencing Reform Act; and the  
18 Sentencing Guidelines, although they are advisory, are an  
19 important part of our consideration?

20          MR. KAIJIMA: Yes, I do.

21          THE COURT: And do you realize there may be  
22 collateral consequences to any guilty plea in this matter?

23          MR. KAIJIMA: Yes, I do.

24          THE COURT: And the consequences are largely put  
25 forth in the Plea Agreement, which we'll put in the record



1 later.

2 MR. KAIJIMA: Yes.

3 THE COURT: Now, do you understand that after I  
4 accept your guilty plea and sentence you, you will not be able  
5 to withdraw your guilty plea?

6 MR. KAIJIMA: Yes, I do understand.

7 THE COURT: Since you know the maximum penalty the  
8 Court could impose, do you still wish to plead guilty?

9 MR. KAIJIMA: Yes, I do.

10 THE COURT: And you already have been informed that I  
11 may place you on probation?

12 MR. KAIJIMA: Yes, I do.

13 THE COURT: I advise you that under the  
14 constitutional laws of the United States, the corporation has  
15 the right to plead not guilty; it has the right to be tried by  
16 a jury and, at such a speedy and public trial, you would have  
17 the right to the assistance of lawyers, the right to confront  
18 and cross-examine the witnesses against it, and the right not  
19 to be compelled to incriminate itself; at such trial, it would  
20 be presumed innocent until such time, as ever, as the United  
21 States established its guilt by legal evidence beyond a  
22 reasonable doubt; at such a trial, you would be entitled to  
23 compulsory process, to call witnesses on its behalf.

24 Do you understand that if you -- if it pleads guilty, it  
25 gives up all these rights I have mentioned?

1           MR. KAIJIMA: Yes, I do understand.

2           THE COURT: Do you understand that if it pleads  
3 guilty there will not be a further trial of any kind in the  
4 case, so that by pleading guilty it is waiving and giving up  
5 the right to a trial?

6           MR. KAIJIMA: Yes, I do.

7           THE COURT: Do you understand that if your plea of  
8 guilty is accepted, the judge can impose the same penalty as  
9 though it pled not guilty, stood trial, and had been convicted  
10 by a jury?

11          MR. KAIJIMA: Yes, I do.

12          THE COURT: If you plead guilty, do you understand  
13 that it will also have to give up its right not to incriminate  
14 itself since I'll have to ask it questions about what it did  
15 in order to satisfy myself that it is guilty as charged and it  
16 will have to acknowledge its guilt?

17          MR. KAIJIMA: Yes, I do.

18          THE COURT: Are you willing to gave up its right to a  
19 trial and the other rights I have just discussed?

20          MR. KAIJIMA: Yes, I am.

21          THE COURT: Proper Plea Agreements are permissible.  
22 However, you and the United States must present the Plea  
23 Agreement into the record. They are, of course, proper.

24          I understand that you have entered into, what I will refer  
25 to as, a C agreement in this case. Is that correct?

1           MR. KAIJIMA:   Yes.

2           THE COURT:   Would you please place the Agreement on  
3 the record.

4           MS. LOTKO-BAKER:   Yes, Your Honor.   Can I read from  
5 the lectern?

6           THE COURT:   Wherever you are most convenient.   And  
7 take your time.   If you wish to rest at any time, please do  
8 so.

9           MS. LOTKO-BAKER:   Thank you.

10          THE COURT:   I've read it enough times myself.

11          MS. LOTKO-BAKER:   Your Honor, the factual basis for  
12 the offense is contained in the Plea Agreement.

13          THE COURT:   I would suggest to read the Plea  
14 Agreement as it's written, including the factual basis, if you  
15 wish, or the appropriate person may present the facts at a  
16 later time.

17          MS. LOTKO-BAKER:   Yes.   Special Agent Freihofer is  
18 here.   And, if acceptable, I'll skip the factual basis and  
19 have him present that at the appropriate time.

20          THE COURT:   We want him to understand he is  
21 essential.

22          MS. LOTKO-BAKER:   Thank you.   He is.

23          SPECIAL AGENT FREIHOFFER:   Thank you, Your Honor.

24          MS. LOTKO-BAKER:   Plea Agreement.

25          THE COURT:   Excuse me just a minute.

1 Please listen, follow along, and if you have any  
2 questions, don't hesitate to ask any questions about this  
3 agreement.

4 MR. KAIJIMA: Thank you, Your Honor.

5 MS. LOTKO-BAKER: Plea Agreement.

6 The United States of America and JTEKT Corporation,  
7 Defendant, a corporation organized and existing under the laws  
8 of Japan, hereby enter into the following Plea Agreement  
9 pursuant to Rule 11(c)(1)(C) of the Federal Rules of Criminal  
10 Procedure.

11 Rights of the Defendant.

12 The Defendant understands its rights:

13 to be represented by an attorney;

14 to be charged by Indictment;

15 as a corporation organized and existing under the laws of  
16 Japan, to decline to accept service of the summons in this  
17 case, and to contest the jurisdiction of the United States to  
18 prosecute this case against it in the United States District  
19 Court for the Southern District of Ohio;

20 to plead not guilty to any criminal charge brought against  
21 it;

22 to have a trial by jury, at which it would be presumed not  
23 guilty of the charge and the United States would have to prove  
24 every essential element of the charged offense beyond a  
25 reasonable doubt for it to be found guilty;

1       to confront and cross-examine witnesses against it and to  
2 subpoena witnesses for its defense at trial;

3       to appeal its conviction if it is found guilty; and

4       to appeal imposition of a sentence against it.

5           Agreement to Plead Guilty and Waive Certain Rights.

6       The Defendant knowingly and voluntarily waives the rights  
7 set out in Paragraph 1(b) to (g) above. The Defendant  
8 knowingly and voluntarily waives any objection or defense it  
9 may have to the prosecution of the charged offenses in the  
10 United States District Court for the Southern District of Ohio  
11 based on venue.

12       The Defendant also knowingly and voluntarily waives the  
13 right to file any appeal, any collateral attack, or any other  
14 writ or motion, including but not limited to an appeal under  
15 18 U.S.C. Section 3742, that challenges the sentence imposed  
16 by the Court if that sentence is consistent with or below the  
17 recommended sentence in Paragraph 9 of this Plea Agreement,  
18 regardless of how the sentence is determined by the Court.

19       This agreement does not affect the rights or obligations  
20 of the United States as set forth in 18 U.S.C. Section 3742(b)  
21 and (c). Nothing in this paragraph, however, shall act as a  
22 bar to the Defendant perfecting any legal remedies it may  
23 otherwise have on appeal or collateral attack respecting  
24 claims of ineffective assistance of counsel or prosecutorial  
25 misconduct.

1       The Defendant agrees that there is currently no known  
2 evidence of ineffective assistance of counsel or prosecutorial  
3 misconduct. Pursuant to Federal Rule of Criminal Procedure  
4 7(b), Defendant will waive indictment and plead guilty to a  
5 two-count Information to be filed in the United States  
6 District Court for the Southern District of Ohio.

7       Count One of the Information will charge the Defendant  
8 with participating in a conspiracy to suppress and eliminate  
9 competition in the automotive parts industry by agreeing to  
10 allocate markets, rig bids for, and to fix, stabilize and  
11 maintain the prices of bearings sold to Toyota Motor Company,  
12 certain of its subsidiaries, and other Japanese automobile  
13 manufacturers and Japanese automobile component manufacturers  
14 ("Japanese automobile and component manufacturers") in the  
15 United States and elsewhere, from at least as early as 2000  
16 and continuing until as late as July 2011, in violation of the  
17 Sherman Antitrust Act, 15 U.S.C. Section 1.

18       Count Two of the Information will charge the Defendant  
19 with participating in a conspiracy to suppress and eliminate  
20 competition in the automobile parts industry by agreeing to  
21 allocate markets, rig bids for, and to fix, stabilize and  
22 maintain the prices of electric-powered steering assemblies  
23 sold to Nissan Motor Company Limited and certain of its  
24 subsidiaries ("Nissan") in the United States and elsewhere,  
25 from at least as early as 2005 and continuing until as late as

1 October 2011, in violation of the Sherman Antitrust Act, 15  
2 U.S.C. Section 1.

3 The Defendant will plead guilty to the criminal charges  
4 described in Paragraph 2 above, pursuant to the terms of this  
5 Plea Agreement, and will make a factual admission of guilt to  
6 the Court in accordance with Federal Rule of Criminal  
7 Procedures 11 as set forth in Paragraph 4 below.

8 Which, Your Honor, will be put into the record by Agent  
9 Freihofer.

10 Continuing on page 6 of the Plea Agreement:

11 Elements of the Offense.

12 The elements of the charged offense are that:

13 the conspiracy described in the Information existed at or  
14 about the time alleged;

15 the Defendant knowingly became a member of the conspiracy;  
16 and the conspiracy described in the Information either  
17 substantially affected interstate commerce in goods or  
18 services or occurred within the flow of interstate commerce in  
19 goods and services.

20 Possible Maximum Sentence.

21 The Defendant understands that the statutory maximum  
22 penalty which may be imposed against it upon conviction for  
23 each violation of Section One of the Sherman Antitrust Act is  
24 a fine in an amount equal to the greatest of:

25 one hundred million dollars, under 15 U.S.C. Section 1;

1        twice the gross pecuniary gain the conspirators derived  
2 from the crime, under 18 U.S.C. Sections 3571(c) and (d); or  
3        twice the gross pecuniary loss caused to the victims of  
4 the crime by the conspirators, 18 U.S.C. Section 3571(c) and  
5 (d) .

6        In addition, the Defendant understands that:

7        pursuant to 18 U.S.C. 3561(c) (1), the Court may impose a  
8 term of probation of at least one year, but not more than five  
9 years, for each of the charged crimes;

10       pursuant to Section 8B1.1 of the United States Sentencing  
11 Guidelines ("U.S.S.G," "Sentencing Guidelines" or  
12 "Guidelines") or 18 U.S.C. 3563(b) (2) or 3663(a) (3), the Court  
13 may order it to pay restitution to the victims of the  
14 offenses; and

15       pursuant to 18 U.S.C. Section 3013(a) (2) (B), the Court is  
16 required to order the Defendant to pay a 400-dollar special  
17 assessment upon conviction for each of the charged crimes.

18                                Sentencing Guidelines.

19        The Defendant understands that the Sentencing Guidelines  
20 are advisory, not mandatory, but that the Court must consider,  
21 in determining and imposing sentence, the Guidelines Manual in  
22 effect on the date of sentencing unless that Manual provides  
23 for greater punishment than the Manual in effect on the last  
24 date that the offense of conviction was committed, in which  
25 case the Court must consider the Guidelines Manual in effect



1 on the last date that the offense of conviction was committed.

2 The parties agree that there is no *ex post facto* issue  
3 under the November 1st, 2012, Guidelines Manual. The Court  
4 must also consider the other factors set forth in 18 U.S.C.  
5 Section 3553(a) in determining and imposing sentence. The  
6 Defendant understands that the Guidelines determinations will  
7 be made by the Court by a preponderance of the evidence  
8 standard. The Defendant understands that although the Court  
9 is not ultimately bound to impose a sentence within the  
10 applicable Guidelines range, its sentence must be reasonable  
11 based upon consideration of all relevant sentencing factors  
12 set forth in 18 U.S.C. Section 3553(a).

13 Sentencing Agreement.

14 Pursuant to Federal Rule of Criminal Procedure  
15 11(c)(1)(C), and subject to the full, truthful and continuing  
16 cooperation of the Defendant and its related entities, as  
17 defined in Paragraph 13 of this Plea Agreement, the United  
18 States and the Defendant agree that the appropriate  
19 disposition of this case is, and agree to recommend jointly  
20 that the Court impose, a sentence requiring the Defendant to  
21 pay the United States a criminal fine of \$103.27 million  
22 pursuant to 18 U.S.C. 3571(d), payable in full before the 15th  
23 day after the date of judgment, and no order of restitution.

24 The parties agree that there exists no aggravating or  
25 mitigating circumstances of any kind, or to any degree, not

1 adequately taken into consideration by the U.S. Sentencing  
2 Commission in formulating the Sentencing Guidelines justifying  
3 a departure pursuant to U.S.S.G. Section 5K2.0. The parties  
4 agree not to seek at the sentencing hearing any sentence  
5 outside of the Guidelines range nor any Guidelines adjustment  
6 for any reason that is not set forth in this Plea Agreement.  
7 The parties further agree that the recommended sentence set  
8 forth in his Plea Agreement is reasonable.

9 The United States and the Defendant agree and recommend  
10 that the Court, in determining the Guidelines Fine Range for a  
11 corporate Defendant for violation of 15 U.S.C. 1, apply the  
12 Chapter 8, Sentencing of Organization Guidelines, and the  
13 applicable offense guideline, Section 2R 1.1, Antitrust  
14 Offenses, as follows:

15 Pursuant to Section 3D1.2(d), Count One and Count Two are  
16 grouped and, pursuant to Section 3D 1.3(b), the quantity, in  
17 this case the volume of affected commerce, is aggregated.

18 Pursuant to Section 8C2.4(b), Section 2R1.1(d) (1), and  
19 Section 3D1.3(b), the base fine is \$80.68 million, 20 percent  
20 of \$403.4 million, the volume of affected commerce;

21 The Defendant's Culpability Score is 8 and is determined,  
22 pursuant to Section 8C2.5, as follows:

23 Base Culpability Score: five, under 8C2.5(a);

24 More than 5,000 employees and participation of high  
25 level-personnel: Plus five, pursuant to 8C2.5(b) (1);

1 Self reporting: Minus two, under 8C2.5(g)(2).

2 Based on a Culpability Score of eight, the minimum and  
3 maximum multipliers are 1.60 to 3.20, under 8C2.6.

4 The Guidelines Fine Range is \$129.09 million to \$258.18  
5 million, under 8C2.7.

6 The Defendant understands that the Court will order it to  
7 pay a 400-dollar special assessment for each count of  
8 conviction, pursuant to 18 U.S.C. 3013(a)(2)(B), in addition  
9 to any fine imposed.

10 Pursuant to 18 U.S.C. Section 3663, restitution is not  
11 mandatory for violations of 15 U.S.C. Section 1, and in light  
12 of the availability of civil causes of action, 15 U.S.C.  
13 Section 15, and the many civil cases that have been filed  
14 against the Defendant which potentially provide for the  
15 recovery of a multiple of actual damages, the recommended  
16 sentence does not include a restitution order for the offenses  
17 charged in the Information.

18 Both parties will recommend that no term of probation be  
19 imposed, but the Defendant understands that the Court's denial  
20 of this request will not void this Plea Agreement.

21 The United States contends that had this case gone to  
22 trial, the United States would have presented evidence to  
23 prove that the gain derived from or the loss resulting from  
24 the charged offense is sufficient to justify a fine of \$103.27  
25 million, pursuant to 18 U.S.C. Section 3571(d).

1       For the purposes of this plea and sentencing only, the  
2 Defendant waives its rights to contest this calculation.

3       The United States and the Defendant agree that the  
4 applicable Guidelines Fine Range exceeds the fine contained in  
5 the recommended sentence set forth in Paragraph 9 above.  
6 Subject to the full, truthful and continuing cooperation of  
7 the Defendant and its related entities, as defined in  
8 Paragraph 13 of this Plea Agreement, and prior to sentencing  
9 in this case, the United States agrees that it will make a  
10 motion, pursuant to U.S.S.G. Section 8C4.1, for downward  
11 departure from the Guidelines Fine Range in this case and will  
12 request that the Court impose the fine contained in the  
13 recommended sentence set out in Paragraph 9 of this Plea  
14 Agreement because of the Defendant's and its related entities'  
15 substantial assistance in the government's investigation and  
16 prosecutions of violations of federal criminal law in the  
17 bearings and electric-powered steering assemblies industries.

18       Subject to the full, truthful and continuing cooperation  
19 of the Defendant and its related entities, as defined in  
20 Paragraph 13 of this Plea Agreement, and prior to sentencing  
21 in this case, the United States will fully advise the Court  
22 and the Probation Office of the fact, manner and extent of  
23 Defendant's and its related entities' cooperation and their  
24 commitment to prospective cooperation with the United States'  
25 investigation and prosecutions, all material facts relating to

1 the defendant's involvement in the charged offense, and all  
2 other relevant conduct.

3 The United States and the Defendant understand that the  
4 Court retains complete discretion to accept or reject the  
5 recommended sentence provided for in Paragraph 9 of this Plea  
6 Agreement.

7 If the Court does not accept the recommended sentence, the  
8 United States and the Defendant agree that this Plea  
9 Agreement, except for Paragraph 12(b) below, shall be rendered  
10 void.

11 If the Court does not accept the recommended sentence, the  
12 Defendant will be free to withdraw its guilty plea, Federal  
13 Rule of Criminal Procedure 11(c)(5) and (d). If the Defendant  
14 withdraws its plea of guilty, this Plea Agreement, the guilty  
15 plea, and any statement made in the course of any proceedings  
16 under Federal Rule of Criminal Procedure 11 regarding the  
17 guilty plea or this Plea Agreement or made in the course of  
18 the plea discussions with an attorney for the government shall  
19 not be admissible against the Defendant in any criminal or  
20 civil proceeding, except as otherwise provided in Federal Rule  
21 of Evidence 410.

22 In addition, Defendant agrees that, if it withdraws its  
23 guilty plea pursuant to this subparagraph of this Plea  
24 Agreement, the statute of limitations period for any offenses  
25 referred to in Paragraph 15 of this Plea Agreement shall be

1 tolled for the period between the date of the signing of this  
2 Plea Agreement and the date the Defendant withdrew its guilty  
3 plea or for a period of 60 days after the date of the signing  
4 of this Plea Agreement, whichever period is greater.

5 Defendant's Cooperation.

6 The Defendant and its subsidiaries (related entities) will  
7 cooperate fully and truthfully with the United States in the  
8 prosecution of this case, the conduct of the current federal  
9 investigation of violations of federal antitrust and related  
10 criminal laws involving the manufacture and sale of bearings  
11 and electric-powered steering assemblies, any federal  
12 investigation resulting therefrom, and any litigation or other  
13 proceedings arising or resulting from any such investigation  
14 to which the United States is a party (collectively "Federal  
15 Proceeding"). Federal Proceeding includes, but is not limited  
16 to, an investigation, prosecution, litigation or other  
17 proceeding regarding obstruction of, the making of a false  
18 statement or declaration in, the commission of perjury or  
19 subornation of perjury in, the commission of contempt in, or  
20 conspiracy to commit such offenses in, a Federal Proceeding.  
21 The Defendant's subsidiaries for the purpose of this Plea  
22 Agreement are entities in which the Defendant directly or  
23 indirectly had a greater than 50 percent ownership interest as  
24 of the date of signature of this Plea Agreement.

25 The full, truthful and continuing cooperation of the

1 Defendant and its related entities shall include, but not be  
2 limited to:

3 producing to the United States all documents, information  
4 and other materials, wherever located, not protected under the  
5 attorney-client privilege or the work product doctrine (and  
6 with translations into English when requested), in the  
7 possession, custody or control of the Defendant or any of its  
8 related entities, that are requested by the United States in  
9 connection with any Federal Proceeding;

10 using its best efforts to secure the full, truthful and  
11 continuing cooperation, as defined in Paragraph 14 of this  
12 Plea Agreement, of the current and former directors, officers  
13 and employees of the Defendant or any of its related entities  
14 as may be requested by the United States, but excluding the  
15 three individuals listed in Attachment A filed under seal,  
16 including making these persons available in the United States  
17 or at any other mutually agreed-upon locations, at the  
18 defendant's expense, for interviews and the provision of  
19 testimony in grand jury, trial and other judicial proceedings  
20 in connection with any Federal Proceeding. Current directors,  
21 officers and employees are defined for the purposes of this  
22 Plea Agreement as individuals who are directors, officers or  
23 employees of the Defendant or any of its related entities as  
24 of the date of signature of this Plea Agreement.

25 The full, truthful and continuing cooperation of each

1 person described in Paragraph 13(b) above will be subject to  
2 the procedures and protections of this paragraph, and shall  
3 include, but not be limited to:

4 producing in the United States and at other mutually  
5 agreed-upon locations all documents, including claimed  
6 personal documents, and other materials, wherever located, not  
7 protected under the attorney-client privilege or the work  
8 product doctrine (and with translations into English when  
9 requested), that are requested by the attorneys and agents of  
10 the United States in connection with any Federal Proceeding;

11 making himself or herself available for interviews in the  
12 United States and other mutually agreed-upon locations, not at  
13 the expense of the United States, upon the request of  
14 attorneys and agents of the United States in connection with  
15 any Federal Proceeding;

16 responding fully and truthfully to all inquiries of the  
17 United States in connection with any Federal Proceeding,  
18 without falsely implicating any person or intentionally  
19 withholding any information, subject to the penalties of  
20 making a false statement or declaration (18 U.S.C. Sections  
21 1001 and 1623), obstruction of justice (18 U.S.C. Section  
22 1503, *et seq.*), or conspiracy to commit such offenses;

23 otherwise voluntarily providing the United States with any  
24 material or information not requested in (a) through (c) of  
25 this paragraph and not protected under the attorney-client



1 privilege or the work product doctrine that he or she may have  
2 that is related to any Federal Proceeding;

3 when called upon to do so by the United States in  
4 connection with any Federal Proceeding, testifying in grand  
5 jury, trial or other judicial proceedings in the United States  
6 fully, truthfully and under oath, subject to the penalties of  
7 perjury (18 U.S.C. Section 1621), making a false statement or  
8 declaration in grand jury or court proceedings (18 U.S.C.  
9 1623), contempt (18 U.S.C. Sections 401 and 402), and  
10 obstruction of justice (18 U.S.C. Section 1503, *et seq.*);

11 and agreeing that, if the agreement not to prosecute him  
12 or her in this Plea Agreement is rendered void under Paragraph  
13 16(c), the statute of limitations period for any Relevant  
14 Offense, as defined in Paragraph 16(a), shall be tolled as to  
15 him or her for the period between the date of the signing of  
16 this Plea Agreement and six months after the date that the  
17 United States gave notice of its intent to void its  
18 obligations to that person under this Plea Agreement.

19 Your Honor, could we take a short break before I continue  
20 reading?

21 THE COURT: Yes. We'll have a ten-minute recess.

22 MS. LOTKO-BAKER: Thank you.

23 COURTROOM DEPUTY: All rise. This Honorable Court is  
24 in recess until 11:20.

25 (A recess was taken from 11:17 a.m. until 11:27 a.m.)

1 THE COURT: Is the United States ready to proceed?

2 MS. LOTKO-BAKER: Yes, Your Honor.

3 THE COURT: Defense ready to proceed?

4 MS. KAFELE: Yes, Your Honor.

5 THE COURT: Proceed.

6 MS. LOTKO-BAKER: Thank you.

7 Government's Agreement.

8 Subject to the full, truthful and continuing cooperation  
9 of the Defendant and its related entities, as defined in  
10 Paragraph 13 of this Plea Agreement, and upon the Court's  
11 acceptance of the guilty plea called for by this Plea  
12 Agreement and the imposition of the recommended sentence, the  
13 United States agrees that it will not bring further criminal  
14 charges against the Defendant or any of its related entities  
15 for any act or offense committed before the date of the  
16 signature of this Plea Agreement that was undertaken in  
17 furtherance of an antitrust conspiracy involving the  
18 manufacture and sale of bearings or electric-powered steering  
19 assemblies. The non-prosecution terms of this agreement do  
20 not apply to:

21 any civil matter of any kind;

22 any violation of the federal tax or securities laws or  
23 conspiracy to commit such offenses;

24 any crime of violence; or

25 any acts of subornation of perjury (18 U.S.C. Section

1 1622), making a false statement (18 U.S.C. Section 1001),  
2 obstruction of justice (18 U.S.C. 1503, *et seq.*), contempt  
3 (18 U.S.C. Sections 401 to 402), or conspiracy to commit such  
4 offenses.

5 The United States agrees to the following:

6 Upon the Court's acceptance of the guilty plea called for  
7 by this Plea Agreement and the imposition of the recommended  
8 sentence and subject to the exceptions noted in Paragraph  
9 16(c), the United States agrees that it will not bring  
10 criminal charges against any current or former director,  
11 officer or employee of the Defendant or its related entities  
12 for any act or offense committed before the date of signature  
13 of this Plea Agreement and while that person was acting as  
14 director, officer or employee of the Defendant or its related  
15 entities that were undertaken in furtherance of an antitrust  
16 conspiracy involving the manufacture and sale of bearings or  
17 electric-powered steering assemblies (Relevant Offenses),  
18 except that the protections granted in this paragraph do not  
19 apply to the three individuals listed in Attachment A filed  
20 under seal;

21 Should the United States determine that any current or  
22 former director, officer or employee of the Defendant or its  
23 related entities may have information relevant to any Federal  
24 Proceeding, the United States may request that person's  
25 cooperation under the terms of this Plea Agreement by written

1 request delivered to counsel for the individual (with a copy  
2 to the undersigned counsel for the defendant) or, if the  
3 individual is not known by the United States to be  
4 represented, to the undersigned counsel for the Defendant;

5 If any person requested to provide cooperation under  
6 Paragraph 16(b) fails to comply with his or her obligations  
7 under Paragraph 14, then the terms of this Plea Agreement as  
8 they pertain to that person, and the agreement not to  
9 prosecute that person granted in this Plea Agreement, shall be  
10 rendered void, and the United States may prosecute such person  
11 criminally for any federal crime of which the United States  
12 has knowledge, including, but not limited to any Relevant  
13 Offenses;

14 Except as provided in Paragraph 16(e), information  
15 provided by a person described in Paragraph 16(b) to the  
16 United States under the terms of this Plea Agreement  
17 pertaining to any Relevant Offense, or any information  
18 directly or indirectly derived from that information, may not  
19 be used against that person in a criminal case, except in a  
20 prosecution for perjury or subornation of perjury (18 U.S.C.  
21 Sections 1621 and 1622), making a false statement or  
22 declaration (18 U.S.C. Sections 1001 and 1623), obstruction of  
23 justice (18 U.S.C. Section 1503, *et seq.*), contempt (18 U.S.C.  
24 Sections 401 and 402), or conspiracy to commit such offenses;

25 If any person who provides information to the United

1 States under this Plea Agreement fails to comply fully with  
2 his or her obligations under Paragraph 14 of this Plea  
3 Agreement, the agreement in Paragraph 16(d) not to use that  
4 information or any information directly or indirectly derived  
5 from it against that person in a criminal case shall be  
6 rendered void;

7 The non-prosecution terms of this paragraph do not apply  
8 to civil matters of any kind; any violation of federal tax or  
9 securities laws or conspiracy to commit such offenses; any  
10 crime of violence; or perjury or subornation of perjury (18  
11 U.S.C. Section 1621 and 1622), making a false statement or  
12 declaration (18 U.S.C. Sections 1001 and 1623), obstruction of  
13 justice (18 U.S.C. Section 1503, *et seq.*), contempt (18 U.S.C.  
14 Sections 401 and 402), or conspiracy to commit such offenses;

15 and documents provided under Paragraphs 13(a) and 14(a)  
16 shall be deemed responsive to outstanding grand jury subpoenas  
17 issued to the Defendant or any of its related entities.

18 The United States agrees that when any such person travels  
19 to the United States for interviews, grand jury appearances or  
20 court appearances pursuant to this Plea Agreement, or for  
21 meetings with counsel in preparation therefor, the United  
22 States will take no action, based upon any Relevant Offense,  
23 to subject such person to arrest, detention, or service of  
24 process, or to prevent such person from departing the United  
25 States. This paragraph does not apply to an individual's

1 commission of perjury or subornation perjury (18 U.S.C.  
2 Sections 1621 and 1622), making a false statement or  
3 declaration (18 U.S.C. Sections 1001 and 1623), obstruction of  
4 justice (18 U.S.C. Section 1503 *et seq.*), contempt (18 U.S.C.  
5 Sections 401 and 402), or conspiracy to commit such offenses.

6       The Defendant understands that it may be subject to  
7 suspension or debarment action by state or federal agencies  
8 other than the United States Department of Justice, Antitrust  
9 Division, based upon the conviction resulting from this Plea  
10 Agreement, and that this Plea Agreement in no way controls  
11 what action, if any, other agencies may take. However, the  
12 United States agrees that, if requested, it will advise the  
13 appropriate officials of any governmental agency considering  
14 such action of the fact, manner and extent of the cooperation  
15 of the Defendant and its related entities as a matter for the  
16 agency to consider before determining what action, if any, to  
17 take. The Defendant nevertheless affirms that it wants to  
18 plead guilty regardless of the suspension or debarment  
19 consequences of its plea.

20                   Representations by Counsel.

21       The Defendant has been represented by counsel and is fully  
22 satisfied that its attorneys have provided competent legal  
23 representation. The Defendant has thoroughly reviewed this  
24 Plea Agreement and acknowledges that counsel has advised it of  
25 the nature of the charges, any possible defenses to the

1 charges, and the nature and range of possible sentences.

2 Voluntary Plea.

3 The defendant's decision to enter into this Plea Agreement  
4 and to tender a plea of guilty is freely and voluntarily made  
5 and is not the result of force, threats, assurances, promises  
6 or representations other than the representations contained in  
7 this Plea Agreement and Attachment A. The United States has  
8 made no promises or representations to the Defendant as to  
9 whether the Court will accept or reject the recommendations  
10 contained within this Plea Agreement.

11 Violation of Plea Agreement.

12 The Defendant agrees that, should the United States  
13 determine in good faith, during the period that any Federal  
14 Proceeding is pending, that the Defendant or any of its  
15 related entities have failed to provide full, truthful and  
16 continuing cooperation, as defined in Paragraph 13 of this  
17 Plea Agreement, or has otherwise violated any provision of  
18 this Plea Agreement, the United States will notify counsel for  
19 the Defendant in writing by personal or overnight delivery,  
20 e-mail or facsimile transmission and may also notify counsel  
21 by telephone of its intention to void any of its obligations  
22 under this Plea Agreement (except its obligation under this  
23 paragraph), and the Defendant and its related entities shall  
24 be subject to prosecution for any federal crime of which the  
25 United States has knowledge including, but not limited to, the

1 substantive offenses relating to the investigation resulting  
2 in this Plea Agreement.

3 The Defendant agrees that, in the event the United States  
4 is released from its obligations under this Plea Agreement and  
5 brings criminal charges against the Defendant or its related  
6 entities for any offense referred to in Paragraph 15 of this  
7 Plea Agreement, the statute of limitations period for such  
8 offense shall be tolled for the period of between the date of  
9 the signing of this Plea Agreement and six months after the  
10 date the United States gave notice of its intent to void its  
11 obligations under this Plea Agreement.

12 The Defendant understands and agrees that in any further  
13 prosecution of it or its related entities resulting from the  
14 release of the United States from its obligations under this  
15 Plea Agreement, because of defendant's or its related  
16 entities' violation of this Plea Agreement, any documents,  
17 statements, information, testimony or evidence provided by it,  
18 of its related entities or current or former directors,  
19 officers or employees of it or its related entities to  
20 attorneys or agents of the United States, federal grand  
21 juries, or courts, and any leads derived therefrom, may be  
22 used against it or its related entities in any such further  
23 prosecution.

24 In addition, the Defendant unconditionally waives its  
25 right to challenge the use of such evidence in any such



1 further prosecution, notwithstanding the protections of  
2 Federal Rule of Evidence 410.

3 Entirety of the Agreement.

4 This Plea Agreement and Attachment A constitute the entire  
5 agreement between the United States and the Defendant  
6 concerning the disposition of the criminal charges in this  
7 case. This Plea Agreement cannot be modified except in  
8 writing, signed by the United States and the Defendant.

9 The undersigned is authorized to enter this Plea Agreement  
10 on behalf of the Defendant as evidenced by the Resolution of  
11 the Board of Directors of the Defendant attached to and  
12 incorporated by reference in this Plea Agreement.

13 The undersigned attorneys for the United States have been  
14 authorized by the Attorney General of the United States to  
15 enter this Plea Agreement on behalf of the United States.

16 A facsimile or PDF signature shall be deemed an original  
17 signature for the purpose of executing this Plea Agreement.  
18 Multiple signature pages are authorized for the purpose of  
19 executing this Plea Agreement.

20 And the agreement was signed September 19th, 2013.

21 THE COURT: Thank you.

22 MS. LOTKO-BAKER: Thank you.

23 THE COURT: Sir, do you have any questions about this  
24 Plea Agreement?

25 MR. KAIJIMA: No, I don't have any questions.

1           THE COURT: Are all the agreements that you made in  
2 this Plea Agreement the truth?

3           MR. KAIJIMA: Yes.

4           THE COURT: Aside from the Plea Agreement, has anyone  
5 made any promise, other than the Plea Agreement, that induced  
6 you to plead guilty?

7           MR. KAIJIMA: No.

8           THE COURT: Aside from the Plea Agreement, has any  
9 officer or agent of the United States, any lawyer, any person  
10 promised or even suggested that the corporation will receive a  
11 lighter sentence or any other form of leniency if you plead  
12 guilty?

13          MR. KAIJIMA: No.

14          THE COURT: Have any threats been made which induced  
15 you to plead guilty?

16          MR. KAIJIMA: No.

17          THE COURT: Do you have any questions at this time?

18          MR. KAIJIMA: I do not have any question.

19          THE COURT: Is it fair then for me to believe that  
20 this decision of the corporation to plead guilty is its  
21 voluntary act and deed?

22          MR. KAIJIMA: Yes, it is.

23          THE COURT: Is it fair for me to believe that the  
24 corporation is pleading guilty here today with a full  
25 understanding of the nature of the charge and the consequences

1 of the plea of guilty?

2 MR. KAIJIMA: Yes, it is.

3 THE COURT: Is there an agent to state the facts in  
4 this case?

5 MS. LOTKO-BAKER: Yes, Your Honor.

6 THE COURT: Proceed.

7 SPECIAL AGENT FREIHOFER: Hello, Your Honor.

8 THE COURT: Please listen as the Statement of Facts  
9 are made. After he has concluded his presentation, I'll ask  
10 you to make any additions or corrections or explanations you  
11 wish to make to the statement.

12 Once you and I agree on what occurred, I'll ask you  
13 whether the statement is true.

14 MR. KAIJIMA: I understand, Your Honor.

15 THE COURT: Proceed.

16 SPECIAL AGENT FREIHOFER: Yes, Your Honor.

17 Statement of Facts.

18 Had this case gone to trial, the United States would have  
19 presented evidence sufficient to prove the following facts:

20 As to Count One:

21 For purposes of Count One, the "relevant period" is that  
22 period from as early as 2000 and continuing until as late as  
23 July 2011. During the relevant period, the Defendant was a  
24 corporation organized and existing under the laws of Japan,  
25 with its registered headquarters in Osaka, Japan.

1       For purposes of this Plea Agreement, the Defendant also  
2 includes those entities that merged in 2006 to form JTEKT.  
3 During the relevant period, the Defendant was engaged in the  
4 manufacture and sale of bearings in the United States and  
5 elsewhere, and employed 5,000 or more individuals. Bearings  
6 are widely used in industry in numerous applications for many  
7 products. Bearings reduce friction and help things to roll  
8 smoothly past one another. They bear the load.

9       During the relevant period, the Defendant's sales of  
10 bearings affecting Toyota in the United States total  
11 approximately \$395 million.

12       During the relevant period, the Defendant, through its  
13 managers and employees, including certain high-level personnel  
14 of the Defendant, participated in a conspiracy with other  
15 bearings manufacturers, the primary purpose of which was to  
16 suppress and eliminate competition in the automotive parts  
17 industry by agreeing to allocate markets, rig bids for, and to  
18 fix, stabilize and maintain the prices of bearings sold to  
19 Japanese automobile and component manufacturers in the United  
20 States and elsewhere. In furtherance of the conspiracy, the  
21 Defendant, through its managers and employees, engaged in  
22 discussions and attended meetings with co-conspirators  
23 employed by other bearings manufacturers.

24       During these discussions and meetings, agreements were  
25 reached to allocate the supply of, rig bids for, and fix,

1 stabilize and maintain the prices of bearings sold to Toyota  
2 and certain other Japanese automobile manufacturers in the  
3 United States and elsewhere.

4 The conspiratorial conversations and meetings described  
5 above took place in the United States and elsewhere. During  
6 the relevant period, bearings sold by one or more of its  
7 conspirator firms, and equipment and supplies necessary to the  
8 production and distribution of bearings, as well as payments  
9 for bearings, traveled in interstate and foreign commerce.  
10 The business activities of the Defendant and its  
11 co-conspirators in connection with the manufacture and sale of  
12 bearings that were the subject of this conspiracy were within  
13 the flow of, and substantially affected, interstate and  
14 foreign trade and commerce.

15 As to Count Two:

16 For purposes of Count Two, the "relevant period" is that  
17 period from as early as July 2005 and continuing until as late  
18 as October 2011. During the relevant period, the Defendant  
19 was a corporation organized and existing under the laws of  
20 Japan, with its registered headquarters in Osaka, Japan. For  
21 purposes of this Plea Agreement, the Defendant also includes  
22 those entities that merged in 2006 to form JTEKT.

23 During the relevant period, the Defendant was engaged in  
24 the manufacture and sale of electric-powered steering  
25 assemblies in the United States and elsewhere, and employed

1 5,000 or more individuals. Electric-powered steering  
2 assemblies provide electric power to assist the driver to more  
3 easily steer the automobile. Electric-powered steering  
4 assemblies link the steering wheel to the tires, and include  
5 the column, intermediate shaft and electronic control unit,  
6 among other parts, but do not include the steering wheel or  
7 tires. During the relevant period, the defendant's sales of  
8 electric-powered steering assemblies affecting Nissan in the  
9 United States totalled approximately \$8.4 million.

10 During the relevant period, the Defendant, through its  
11 managers and employees, including certain high-level personnel  
12 of the Defendant, participated in a conspiracy with another  
13 manufacturer of electric-powered steering assemblies, the  
14 primary purpose of which was to suppress and eliminate the  
15 competition in the automotive parts industry by agreeing to  
16 allocate markets, rig bids for, and fix, stabilize and  
17 maintain the prices of electric-powered steering assemblies  
18 sold to Nissan in the United States and elsewhere.

19 In furtherance of the conspiracy, the Defendant, through  
20 its managers and employees, engaged in discussions and  
21 attended meetings with co-conspirators employed by another  
22 manufacturer of electric-powered steering assemblies. During  
23 these discussions and meetings, agreements were reached to  
24 allocate the supply of, rig bids, and fix, stabilize and  
25 maintain the prices of electric-powered steering assemblies

1 sold to Nissan in the United States and elsewhere.

2 During the relevant period, electric-powered steering  
3 assemblies sold by one or more of the conspirator firms, and  
4 equipment and supplies necessary to the production and  
5 distribution of electric-powered steering assemblies, as well  
6 as payments for electric-powered steering assemblies, traveled  
7 in interstate and foreign commerce. The business activities  
8 of the Defendant and its co-conspirators in connection with  
9 the manufacture and sale of electric-powered steering  
10 assemblies that were the subject of this conspiracy were  
11 within the flow of, and substantially affected, interstate and  
12 foreign trade and commerce.

13 (Special Agent Freihofer and Ms. Lotko-Baker confer  
14 privately.)

15 SPECIAL AGENT FREIHOFER: Your Honor, in one section  
16 here, I would like to reread one line. It would better, more  
17 accurately state the date.

18 It's for purposes of Count Two, the relevant period is  
19 that period from as early as 2005.

20 THE COURT: Sir, do you have any objections,  
21 explanations or additions or deletions that you wish to make  
22 to the statement?

23 MR. KAIJIMA: No.

24 THE COURT: Miss Kafele, has your investigation into  
25 the facts of this case determined the truth of the statement?

1 MS. KAFELE: Yes, it has, Your Honor.

2 THE COURT: Sir, is the statement true?

3 MR. KAIJIMA: Yes.

4 THE COURT: Is it fair then for me to believe that  
5 you on behalf the corporation pleading guilty here today and  
6 that you are, in fact, or the corporation is, in fact, guilty  
7 of two counts of conspiracy to restrain trade?

8 MR. KAIJIMA: Yes, it is.

9 THE COURT: Is there anything further I should  
10 discuss with the defendant before I make my findings in the  
11 matter?

12 MS. LOTKO-BAKER: Your Honor, there is Attachment A  
13 filed under seal. I don't know when you want to --

14 THE COURT: Right. I do not see anyone but court  
15 officials and parties in the courtroom at this time, so you  
16 may proceed to present that at this time.

17 And it is under seal.

18 MS. LOTKO-BAKER: Yes.

19 THE COURT: And of course everyone that's party of  
20 this proceeding understands that it's under seal.

21 MS. KAFELE: Yes, Your Honor.

22 \* \* \*

23 (Proceedings filed separately under seal.)

24 \* \* \*

25 THE COURT: And is the signature your signature on



1 the Plea Agreement?

2 MR. KAIJIMA: Yes, it is my signature.

3 THE COURT: Also your signature?

4 MR. KAIJIMA: Yes.

5 THE COURT: And I would suggest that we add the  
6 Resolution to the record as well.

7 MS. LOTKO-BAKER: Yes, Your Honor.

8 THE COURT: I think you should read that into the  
9 record.

10 MS. LOTKO-BAKER: Okay. Yes, Your Honor. The Plea  
11 Agreement did say there was a Resolution from the JTEKT Board  
12 of Directors attached to the agreement. There is such a  
13 Resolution, which I'll read now.

14 JTEKT Corporation Board Resolutions.

15 At the meeting of the Board of Directors of JTEKT  
16 Corporation ("JTEKT") held on September 19, 2013, the board:

17 RESOLVED, that the execution, delivery, and performance of  
18 the Plea Agreement between the United States Department of  
19 Justice and JTEKT, in substantially the form attached hereto,  
20 is hereby approved;

21 RESOLVED, that Hiroyuki Kaijima, Executive Managing  
22 Officer of JTEKT and President of JTEKT North America  
23 Corporation ("JNA"), is authorized, empowered and directed to  
24 execute and deliver the Plea Agreement and all other documents  
25 pertaining to the Plea Agreement in the name of and on behalf

1 of JTEKT, and take further actions as he deems necessary,  
2 proper or advisable to implement the foregoing resolutions;  
3 and

4 RESOLVED, that Hiroyuki Kaijima, Executive Managing  
5 Officer of JTEKT and President of JNA, is authorized,  
6 empowered and directed to represent JTEKT before any court or  
7 governmental agency in order to make statements and  
8 confirmations in accordance with the Plea Agreement, including  
9 the entering of a guilty plea on behalf of JTEKT.

10 And there is a certificate:

11 I, Tetsuo Agata, Representative Director and President of  
12 JTEKT Corporation, a company organized and existing under the  
13 laws of Japan, do hereby certify that the foregoing  
14 resolutions adopted by the Board of Directors of JTEKT  
15 Corporation, at a meeting of the Board of Directors held on  
16 September 19, 2013, are true, correct and complete, and that  
17 said resolutions have not been amended, modified or repealed,  
18 and remain in full force and effect, as of the date hereof.

19 It's signed in Nagoya, Japan, this 19th day of September,  
20 2013, by -- and there is a signature of Tetsuo Agata,  
21 Representative Director and President, JTEKT Corporation.

22 THE COURT: Thank you.

23 Mr. Kaijima, is that Resolution still effective  
24 today?

25 MR. KAIJIMA: Yes, it is still effective today.

1 THE COURT: Do you have any questions at this time?

2 MR. KAIJIMA: I don't have any question.

3 THE COURT: Is there anything further we should put  
4 into the record before I make my findings?

5 MS. LOTKO-BAKER: No, Your Honor.

6 MS. KAFELE: No, Your Honor.

7 THE COURT: The trial judge has observed the  
8 appearance and responsiveness of the witness on behalf of the  
9 defendant in giving his answers to the questions asked. Based  
10 on the observation and answers given, the trial judge is  
11 satisfied that the witness, on behalf of the corporation, is  
12 in full possession of his faculties; he is not suffering from  
13 any apparent physical or mental illness; he is not under the  
14 influence of narcotics or alcohol; he understands that Title  
15 18 United States Code Section 3553 provides the outline of the  
16 sentence in this case which should be sufficient but not  
17 greater than necessary to accomplish the purposes of the  
18 United States Congress.

19 The witness, on behalf of the corporation, understands the  
20 proceedings in which he is engaged; he understands the nature  
21 and meaning of the charge and the consequences of his guilty  
22 plea as to both charges, and he is aware of all plea  
23 negotiations undertaken on behalf of the corporation and the  
24 United States.

25 Do you have any questions about any of these findings?

1 MR. KAIJIMA: No, Your Honor.

2 THE COURT: The trial judge, therefore, finds that  
3 the plea has been made voluntarily with the understanding of  
4 the nature of the charges and the consequences of such plea.

5 I will accept the guilty plea on behalf of the corporation  
6 and enter a judgment of guilty to violation in Count One of  
7 Conspiracy to Restrain Trade, and, in Count Two, Conspiracy to  
8 Restrain Trade, both violations of Title 15, United States  
9 Code Section 1.

10 Is there any comment at this time?

11 (No response.)

12 THE COURT: The sentencing date that I have available  
13 is April 2nd, 2014, at ten. April 2nd, 2014, at ten a.m.

14 The matter will be continued for sentencing and for the  
15 purpose of the presentence investigation and report. The  
16 matter will be continued, as I've said, for sentencing.

17 Is there anything further from the United States?

18 MS. LOTKO-BAKER: No, Your Honor.

19 THE COURT: Is there anything further from the  
20 Defendant?

21 MS. KAFELE: No, Your Honor.

22 THE COURT: Sir, do you have any questions at this  
23 time?

24 MR. KAIJIMA: No, Your Honor.

25 THE COURT: I'm sorry to have asked that so many

1 times, but I want to be absolutely sure that there is no issue  
2 from your point of view of these proceedings.

3 MR. KAIJIMA: I completely understand. Thank you. I  
4 appreciate it.

5 THE COURT: Thank you, sir.

6 As I said, the matter will be continued until April 2nd,  
7 2014, at ten a.m.

8 COURTROOM DEPUTY: All rise. This Honorable Court is  
9 now in recess.

10 (The proceedings concluded at 11:55 a.m.)  
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20 C E R T I F I C A T E  
21

22 I CERTIFY THAT THE FOREGOING IS A CORRECT TRANSCRIPT  
23 FROM THE RECORD OF PROCEEDINGS IN THE ABOVE-ENTITLED MATTER.

24 S/MARYANN T. MAFFIA, RDR  
25 Official Court Reporter